

WATER/ABJ/VFG: jlj

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION
WATER ADVISORY BRANCH

RESOLUTION NO. W-4285
AUGUST 23, 2001

RESOLUTION

**(RES. W-4285), AGATE BAY WATER COMPANY (ABWC). ORDER
AUTHORIZING A GENERAL INCREASE IN RATES PRODUCING
\$20,516 OR 10.45% ADDITIONAL ANNUAL REVENUE.**

SUMMARY

By Draft Advice Letter, accepted on January 19, 2001, ABWC seeks an increase in its rates for water service to recover increased expenses of operation and earn an adequate return on its plant investment. For Test Year 2001, this resolution grants an increase in gross annual revenues of \$20,516 or 10.45%, which is estimated to provide a rate of return on rate base of 12.50%.

BACKGROUND

ABWC requested authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase rates for water service by \$40,809 per year or 20.85% in 2001. ABWC's request shows that its gross revenue of \$195,684 at present rates would increase to \$236,493 at proposed rates. Additionally, ABWC requested to revise its Rate Schedule 2A, Annual Flat Rate Service, by setting rates based on size of connection and adding a unit charge for a single-family unit served from the same connection on the same premises. ABWC also requested a separate tariff schedule for service establishment fees for water turn off/on or meter set and change of account. Lastly, ABWC requested a one-time surcharge of \$1.29 per customer to recover Department of Health Services (DHS) fees.

ABWC's last general rate increase became effective on September 16, 1992, pursuant to Res. W-3677, which authorized a rate increase of \$14,196 or 16.8% and a rate of return of 11.85%. Current rates became effective on July 8, 1999, pursuant to Res. W-4158, which authorized a rate increase of \$51,707 or 36.62% and a rate of return of 11.96% to recover the investment in Phase II of a water treatment facility.

ABWC presently serves 566 flat rate customers in a residential subdivision along the northwest shore of Lake Tahoe, near Carnelian Bay, in Placer County.

DISCUSSION

The Water Advisory Branch (Branch) made an independent analysis of ABWC's summary of earnings. Appendix A shows ABWC's and the Branch's estimates of the summaries of earnings at present, requested, and adopted rates for test year 2001. Appendix A also shows differences between ABWC's and the Branch's estimates of revenue, operating expenses, and rate base. ABWC and the Branch discussed these differences and agreed upon the summary of earnings adopted in this resolution.

ABWC's draft advice letter requested rates that it estimated would produce a rate of return on rate base of 12.32%. The summary of earnings in Appendix A shows a rate of return of 12.50% at the Branch's recommended rates. Although this rate of return is greater than the rate of return requested by ABWC, it is the midpoint of the rate of return range that the Commission's Audit and Compliance Branch currently recommends for Class C water utilities and it does not result in the utility receiving an increase in revenues greater than requested. Under guidelines established by Commission Decision 92-03-093, the Commission staff must calculate net revenues by both the return on rate base and the operating ratio methods that determine revenue and select the method that produces the most revenue. Branch evaluated the net revenue using both methods and determined that the return on rate base method provides the most revenue.

ABWC's filed tariffs currently contain four rate schedules: 1 – General Metered Service; 2A – Annual Flat Rate Service; 2AL - Limited Annual Flat Rate Service; and 4 – Private Fire Protection Service. ABWC currently does not have any General Metered Service customers but requests to increase the metered rates by the system average increase authorized and retaining the schedule for future use. Branch concurs. ABWC requested to increase Schedules 2AL, Limited Annual Flat Rate Service, and 4, Private Fire Protection Service, by the system average increase authorized and Branch agrees.

ABWC requested to alter its Schedule 2A, Annual Flat Rate Service, by charging rates based on the size of connection, i.e., the larger the service connection, the greater the rate charged. The Branch agrees with the concept, but disagrees with the magnitude of the rates requested. The Branch's recommendation for rate design, shown in Appendix B, takes into account the size of the connections but limits the magnitude of the 2-inch connection (largest connection) by the rate design policy that restricts any one customer from experiencing an increase in rates that is more than twice the system average increase authorized. ABWC also requested to add a unit charge for any additional single-family unit served from the same connection on the same premises. ABWC set the rate at 70% of the ¾-inch flat rate charge. Branch finds this request to be reasonable.

Branch reviewed ABWC's tariff schedules and found that the following needed to be updated: Schedules LC (Late Payment Charge); UF (Surcharge to Fund Public Utilities Commission Reimbursement Fee); Rules 5 (Special Information Required on Forms); 7 (Deposits); 9 (Rendering and Payment of Bills); 10 (Disputed Bills); 11 (Discontinuance and Restoration of Service); 20 (Water Conservation); and 21 (Fire Protection); Forms 2 (Customer's Deposit Receipt), and 3 (Bill for Service).

ABWC requests a separate tariff schedule for service establishment fees for water turn off/on or meter set and change of account. Paragraph C.1. of ABWC's Rule 11 states:

Where service has been disconnected for violation of these rules or for nonpayment of bills, the utility may charge \$10.00 for reconnection of service during regular working hours or \$15.00 for reconnection of service at other than working hours when the customer has requested that the reconnection be made at other than regular working hours.

ABWC requests to increase these rates to \$25.00 during regular working hours and to \$40.00 for other than regular working hours. Branch concurs. The separate schedule requested by ABWC is unnecessary. Charging for meter turn off/on when changing an account is inappropriate.

ABWC requested a one-time surcharge of \$1.29 per customer to recover DHS fees. Pursuant to Res. W-4013, dated December 20, 1996, this request is appropriate, therefore Branch concurs.

During its investigation, ABWC informed the Branch that it was in the process of refurbishing eleven fire hydrants within the system as required by the local fire jurisdiction. The Branch believes this work to be necessary. Therefore, it recommends that ABWC be authorized to file an advice letter requesting a rate base offset, to capitalize the costs associated with refurbishing the eleven fire hydrants once the project is completed and the hydrants are back in service.

At the Branch's recommended rates shown in Appendix B, the annual bill for a flat rate customer with a 3/4-inch connection will increase by \$31.68 from \$341.77 to \$373.45 or 9.27%. A comparison of customer bills at present and recommended rates is shown in Appendix C.

The adopted quantities and tax calculations are shown in Appendix D.

NOTICE AND PROTESTS

A notice of the proposed increase in rates and notice of a public meeting were mailed to each customer on February 6, 2001. The Branch received two letters protesting the increase. They all complained of the magnitude of the rate increase. The Consumer Affairs Branch (CAB) reports that ABWC has not received any complaints over the last three years.

On March 14, 2001, the Branch held a public meeting at Fire Station 52 in Kings Beach. The Branch's representative explained the Commission's rate-setting procedure and the utility's representative explained the need for the increase. There were eight individuals present at the meeting. The Fire Chief of the local Fire Department was present and expressed a concern that eleven fire hydrants within the system were inoperative. The utility indicated that it was in the process of refurbishing the hydrants and that they would be back in service by the end of the year. The major concern of the persons attending the meeting was the magnitude of the increase, especially for customers with larger than the normal $\frac{3}{4}$ -inch residential connection. The Branch representative assured these customers that the final rates recommended by the Commission would be fair and reasonable to all customers.

FINDINGS AND CONCLUSIONS

1. The Branch's recommended Summary of Earnings (Appendix A) is reasonable and should be adopted.
2. The rates recommended by the Branch (Appendix B) are reasonable and should be authorized.
3. The quantities (Appendix D) used to develop the Branch's recommendations are reasonable and should be adopted.
4. ABWC should update the following tariffs: Schedules LC and UF; Rules 5, 7, 9, 10, 11, 20, and 21; and Forms 2 and 3.
5. ABWC should be authorized to file an advice letter requesting a rate base offset to capitalize costs associated with the refurbishing of eleven fire hydrants once the project has been completed and the fire hydrants are back in service.
6. The rate increase proposed by the Branch is justified and the resulting rates are just and reasonable.

IT IS ORDERED that:

1. Authority is granted under Public Utilities Code Section 454 for Agate Bay Water Company, to file an advice letter incorporating the Summary of Earnings and revised rate schedules attached to this resolution as Appendices A and B, respectively, and concurrently to cancel its presently effective rate Schedules 1 – General Metered Service, 2A – Annual Flat Rate Service, 2AL – Limited Flat Rate Service, and 4 – Private Fire Protection Service. Its filing shall comply with General Order 96-A. The effective date of the revised schedules shall be five days after the date of filing.
2. Agate Bay Water Company is authorized to file an advice letter requesting a rate base offset to capitalize costs associated with the refurbishing of eleven fire hydrants once the project is complete and the hydrants are back in service.
3. Within 60 days after the effective date of this resolution, Agate Bay Water Company shall file an advice letter updating its Schedules LC, Late Payment Charge; UF, Surcharge to Fund Public Utilities Commission ; Rules 5, Special Information required on Forms; 7, Deposits; 9, Rendering and Payment of Bills; 10, Disputed Bills; and 11, Discontinuance and Restoration of Service; 20, Water Conservation; and 21, Fire Protection; and Forms 2, Customer's Deposit Receipt, and 3, Bill for Service.
4. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on August 23, 2001; the following Commissioners voting favorably thereon:

WESLEY M. FRANKLIN
Executive Director

LORETTA M. LYNCH
President
HENRY M. DUQUE
RICHARD A. BILAS
CARL W. WOOD
GEOFFREY F. BROWN
Commissioners

APPENDIX A

Agate Bay Water Company, Inc. SUMMARY OF EARNINGS

Test Year 2000

<u>ABWC:</u>		<u>Branch Estimated</u>			
<u>Utility</u>					
	<u>Estimated</u>				
Item	Present Rates	Proposed Rates	Present Rates	Proposed Rates	Adopted Rates
<u>Operating Revenues</u>					
Flat Rate	\$ 195,425	\$ 236,493	\$196,304	\$ 243,291	\$ 216,820
Metered	0	0	0	0	0
(1) TOTAL REVENUE	\$ 195,685	\$ 236,493	\$ 196,304	\$ 243,291	\$ 216,820
<u>Operating Expenses</u>					
Purchased Power	\$ 5,400	\$ 5,400	\$ 3,656	\$ 3,656	\$ 3,656
Other vol.related ex.	486	486	1,400	1,400	1,400
Materials	3,136	3,136	3,243	3,243	3,243
Employee labor	2,000	2,000	2,000	2,000	2,000
Contract Work	35,150	35,150	36,345	36,345	36,345
Transportation	3,500	3,500	3,675	3,675	3,675
Office Salaries	20,000	20,000	16,600	16,600	16,600
Management Salaries	30,000	30,000	20,800	20,800	20,800
Employee Pension	4,000	4,000	4,000	4,000	4,000
Office Services & Rent	4,800	4,800	4,800	4,800	4,800
Office Supplies	2,875	2,875	2,973	2,973	2,973
Professional Services	3,665	3,665	3,979	3,979	3,979
Insurance	5,308	5,308	5,308	5,308	5,308
Regulatory Comm.Ex.	500	500	500	500	500
General Expenses	2,475	2,475	2,475	2,475	2,475
Other Plant Maintenance	333	333	333	333	333
<u>SUBTOTAL</u>	\$ 123,628	\$ 123,628	\$ 112,087	\$ 112,087	\$ 112,087
Depreciation exp.	18,610	18,610	19,901	19,901	19,901
Taxes Other than Income	15,485	15,485	7,323	7,323	7,323
State Inc.Tax	3,530	4,615	2,572	6,821	4,385
Fed.Inc.Tax	5,574	7,323	3,978	12,339	6,784
(2) Total Deductions	\$ 166,827	\$ 169,661	\$ 145,861	\$ 158,375	\$ 150,480
(3) Net Revenue (1 – 2)	\$ 28,857	\$ 66,832	\$ 50,443	\$ 84,916	\$ 66,340
<u>RATE BASE</u>					
Average Plant	\$ 729,760	\$ 729,760	\$ 729,760	\$ 729,760	\$ 729,760
Ave. Dep. Reserve	187,504	187,504	204,016	204,016	204,016
Net Plant	\$ 542,256	\$ 542,256	\$ 525,744	\$ 525,744	\$ 525,744
Less: Contributions	290	290	0	0	0
Advances	0	0	0	0	0
Plus: Materials	4,915	4,915	4,915	4,915	4,915
Working Cash	0	0	0	0	0
(4) Rate Base	\$ 542,256	\$ 542,256	\$ 530,659	\$ 530,659	\$ 530,659
Rate of Return	5.32%	12.32%	9.51%	16.00%	12.50%

APPENDIX B
Agate Bay Water Company, Inc.

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all water service furnished on a metered basis.

TERRITORY

Agate Bay and vicinity, on the northwest shore of Lake Tahoe, Placer County.

RATES:

Quantity Rate:	Per Meter	
	Per Month	
<hr/>		
All water, per 100 cu.ft.....	\$ 1.15	(I)
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Service Charge:		
For 5/8 x 3/4-inch meter.....	15.05	(I)
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For 3/4-inch meter.....	16.40	
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For 1-inch meter.....	22.16	
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For 1-1/2 inch meter.....	29.78	
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For 2-inch meter.....	39.75	(I)
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The Service Charge is a readiness to serve charge, which is applicable to all metered service and to which is added the monthly charge computed at Quantity Rates.

SPECIAL CONDITIONS

1. As authorized by the California Public Utilities Commission pursuant to Resolution W-4013, all bills are subject to a one-time surcharge of \$1.29. This charge offsets the Department of Health Services fee as billed to Agate Bay Water Company for the fiscal year 1999-2000. (C)
|
(C)
2. All bills are subject to the reimbursement fee set forth in Schedule No. UF.

APPENDIX B
Agate Bay Water Company, Inc.

Schedule No. 2A

ANNUAL FLAT RATE SERVICE

APPLICABILITY

Applicable to all flat rates residential water service furnished on an annual basis.

TERRITORY

Agate Bay and vicinity, on the northwest shore of Lake Tahoe, Placer County.

RATES

Annual Flat Rate

		<u>Per Service</u>	<u>(N)</u>	<u>Connection</u>
For	0-3/4-inch meter.....			\$ 373.45
For	1-0-inch meter.....			383.39
For	1-1/4-inch meter.....			393.33
For	1-1/2-inch meter.....			403.27
For	2-0-inch meter.....			413.21

For a single-family residential unit, including premises. Residential use, payable in advance on or before January 1 of each year.

Additional Single-Family Residential Unit:

For each additional single-family residential unit on the same premises

and served from the same service connection.....\$ 261.42 (N)

SPECIAL CONDITIONS

1. For service covered by the above classification, if the utility so elects, a meter shall be installed and service provided under Schedule No. 1, Metered Service, effective as of the first day of the following calendar month. Where the flat rate charge for a period has been paid in advance, refund of the prorated difference between such flat rate payment and the minimum metered charge for the same period shall be made on or about that same day.

(continued)

APPENDIX B

Agate Bay Water Company, Inc.

Schedule No. 2A
(Continued)

ANNUAL FLAT RATE SERVICE

SPECIAL CONDITIONS (continued)

2. The annual flat rate charge applies to service during the 12-month period commencing January 1 and is due in advance payable in two equal installments. If a permanent resident of the area has been a customer of the utility for at least 12 months, he may elect, at the beginning of the calendar year, to pay prorated flat rate charges in advance at intervals of less than one year (monthly, bimonthly, or quarterly) in accordance with the utility's established billing periods. Where a resident has failed to pay the first half of the annual charge due January 1, service will be discontinued and will not be restored until the total annual charge has been paid.

3. The opening bill for flat rate service shall be established annual flat rate charge for the service. Where initial service is established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual charge by one three-hundred-sixty-fifth ($1/365$) of the number of days remaining in the calendar. The balance of the payment of the initial annual charge shall be credited against the charges for the succeeding annual period. If service is not continued for at least one year after the date of initial service, no refund of the initial annual charges shall be due the customer.

4. As authorized by the California Public Utilities Commission pursuant to Resolution W-4013, all bills are subject to a one-time surcharge of \$1.29. (C)
|

Water Company for the fiscal year 1999-2000 This charge offsets the
Department of Health Services fee as billed to Agate Bay |

. (C)

5. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

APPENDIX B
Agate Bay Water Company, Inc.

Schedule No. 2AL

LIMITED ANNUAL FLAT RATE SERVICE

APPLICABILITY

Applicable to flat rate service only to the Sun Club furnished on an annual basis.

TERRITORY

Agate Bay and vicinity, on the northwest shore of Lake Tahoe, Placer County.

RATES:

Annual Flat Rate

Recreation Sun Club use, payable in advance on or before January 1 of each year...\$1057.78 (I)

SPECIAL CONDITIONS

1. For service covered by the above classification, if the utility so elects, a meter shall be installed and service provided under Schedule No. 1. Metered Service, effective as of the first day of the following calendar month. Where the flat rate charge for a period of time has been paid in advance, refund of the prorated difference such flat rate payment and the minimum meter charge for the same period shall be made on or about the same.

1. As authorized by the California Public Utilities Commission pursuant to Resolution W-4013, all bills are subject to a one-time surcharge of \$1.29. (C)
This charge offsets the Department of Health Services fee as billed to Agate Bay Water Company for the fiscal year 1999-2000. | (C)

3. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

APPENDIX B
Agate Bay Water Company, Inc.

Schedule No. 4

PRIVATE FIRE PROTECTION SERVICE

APPLICABILITY

Applicable to water service furnished for private fire systems and to private fire hydrants.

TERRITORY

Agate Bay and vicinity, on the northwest shore of Lake Tahoe, Placer County.

RATES

	Per Service Connection <u>Per Month</u>
For each inch of diameter of service connection	\$7.61 (I)

SPECIAL CONDITIONS

1. The facilities for service connection to a privately-owned fire protection system will be installed by the utility or under the utility's direction and the cost paid by the applicant. Such cost will not be subject to refund. The facilities paid for will be the sole property of the applicant.
2. The minimum diameter for the private service connection will be 4 inches. The maximum diameter will not be larger than the diameter of the water main to which the service is connected.
3. If a main of adequate size to serve a private fire protection system in addition to all other normal service does not exist adjacent to the premises to be served, then a new main from the nearest existing main of adequate capacity will be installed by the utility and the cost paid by the applicant. Such cost will not be subject to refund. The main where located in the public right-of-way or utility easement will be the sole property of the utility.

(continued)

APPENDIX B
Agate Bay Water Company, Inc.

Schedule No. 4
(continued)

PRIVATE FIRE PROTECTION SERVICE

SPECIAL CONDITIONS (continued)

4. Service hereunder is for private fire protection systems to which no connections other than fire protection purposes are allowed and which are regularly inspected by the underwriters having jurisdiction and maintained to the satisfaction of the utility. The service connection facilities are subject to the control of the utility, with right to alter, repair, replace and the right to remove upon discontinuance of service. The customer is required to maintain, repair, and to provide for the required periodic inspection of system. Failure to comply with this provision may be grounds for the utility's discontinuance of the service to the premises without liability to the utility.
5. The service connection will include the installation of a detector check valve with meter or other similar device acceptable to the utility for protection against theft, leakage, or waste of water. If the utility and its duly authorized agents have the right of access to and within the premises for all purposes related to said facility, the requirement for a detector check valve and meter may be waived.
6. For water delivered for other than fire protection purposes, charges will be made therefor under Schedule No. 1, General Metered Service. Unauthorized use of water from the private fire service may be grounds for the utility's discontinuance of the service to the premises without liability to the utility.
7. The utility will supply only such water at such pressure as may be available at any time as a result of the normal operation of the utility system.
8. No structure except by written approval and authorization of the utility will be built over the facilities to serve private fire service and the customer will maintain and safeguard the area occupied by these facilities from traffic and other hazardous conditions. The customer will be responsible for any damage to the facilities.
9. Subject to the approval of the utility, any change in the location or construction of the facilities to serve private fire service as may be requested by public authority or the customer will be made by the utility following payment to the utility for the entire cost of such change.

APPENDIX B

Agate Bay Water Company, Inc.

Schedule No. 4
(continued)

PRIVATE FIRE PROTECTION SERVICE

SPECIAL CONDITIONS (continued)

10. The customer shall indemnify the utility and save it harmless against any and all claims arising out of service under this schedule and shall further agree to make no claims against the utility for any loss or damage resulting from service under this schedule. Section 774 of the Public Utilities Code limits the liability of the utility resulting from a claim regarding adequacy of pressure or supply for fire protection service.

11. The customer shall be responsible for the periodic testing of any back flow prevention devices as required by public authority or the utility. Any repair or replacement of such devices or of any other facilities installed to provide private fire service shall be done at the customer's expense. Any refusal to comply with the above requirements may be grounds for the utility's discontinuing private fire service without liability to the utility.

12. All bills are subject to the reimbursement fee set forth on Schedule No. UF.

(END OF APPENDIX B)

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Agate Bay Water Company, Inc.

COMPARISON OF RATES

Schedule No. 1

GENERAL METERED SERVICE

METERED SERVICE

Quantity Rate:	Per Meter Per Month	
	Present	Recommended
	<u>Rates</u>	<u>Rates</u>
All water, per 100 cu. ft.....	\$1.04	\$1.15

Service Charge:

For	5/8 x 3/4-inch meter.....	\$13.63	\$15.05
For	3/4-inch meter.....	14.85	16.40
For	1-inch meter.....	20.06	22.16
For	1-1/2 inch meter.....	26.96	29.78
For	2-inch meter.....	35.99	39.75

APPENDIX C
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Agate Bay Water Company, Inc.
COMPARISON OF RATES

Schedule No. 2A

ANNUAL FLAT RATE SERVICE

ANNUAL FLAT RATE SERVICE

Annual Flat Rate		Per Service Connection Per Month	
		Present	Recommended
		<u>Rates</u>	<u>Rates</u>
For	0-3/4 inch	\$341.77	\$373.45
For	1-0 inch	341.77	383.39
For	1-1/4 inch	341.77	393.33
For	1-1/2 inch	341.77	403.27
For	2-0 inch	341.77	413.21
Additional Unit on Same Premises...		-	261.42

Schedule No. 2AL

LIMITED ANNUAL FLAT RATE SERVICE

	<u>Annual Flat Rate</u>	
	Present	Recommended
	<u>Rates</u>	<u>Rates</u>
Recreation Sun Club	\$957.69	\$1057.78

Schedule No. 4

PRIVATE FIRE PROTECTION SERVICE

	<u>Per Service Connection Per Month</u>	
	Present	Recommended
	<u>Rates</u>	<u>Rates</u>
For each inch of diameter of service connection	\$6.89	\$7.61

(END OF APPENDIX C)

APPENDIX D
Agate Bay Water Company, Inc.

ADOPTED QUANTITIES
Test Year 2001

Expenses

1. Vendor: Sierra Pacific Electric Company
Effective Date.....

 - Lake Energy Charge
 Avg. Rate per kWh..... \$0.07906
 Avg. Power Consumption in kWh..... 28808
 Lake Charge..... \$2278

 - Booster Energy Charge
 Avg. Rate per kWh..... \$0.07906
 Avg. Power Consumption in kWh..... 15146
 Booster Charge..... \$1197

 - Total Purchased Power...(Incl. other charges)..... \$3656

 2. Purchased Water..... None

 3. Ad Valorem Taxes..... \$3,621
 Composite Tax Rate..... 0.01315
 Assessed Value..... \$275,351

 4. Water Testing Expense.....(Included in contract work)..... \$2,000
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APPENDIX D

Agate Bay Water Company, Inc.
(continued)

ADOPTED INCOME TAX CALCULATIONS
Test Year 2001

California Corporate Franchise Rate: 8.84%

	<u>Item</u>	<u>State Tax</u> <u>2001</u>	<u>Federal Tax</u> <u>2001</u>
1	Operating Revenue	\$216,820	\$216,820
2	Operating Expenses	\$112,087	\$112,087
3	Taxes O/T Income	\$7,323	\$7,323
4	Interest	\$27,900	\$27,900
5	Depreciation	\$19,901	\$19,901
6	Taxable Income for CCFT	\$49,609	
7	State Tax, (8.84%)	\$4,385	
8	Taxable Income for FIT		\$45,224
9	Federal Income Tax (15%)		\$6,784
10	Total Tax	\$4,385	\$6,784

(END OF APPENDIX D)

APPENDIX E
Agate Bay Water Co., Inc

DISTRIBUTION:

F. L. Curry, Chief

A. B. Jarrett, Supervisor

PREPARED BY:

Vibert Greene

Date: March 20, 2001

Vibert Greene, Analyst

MEMORANDUM OF PUBLIC MEETING

Subject: Informal Public Meeting Concerning General Rate Increase Request by Agate Bay Water Company.

Held at: Carnelian Bay Fire Station #52
288 North Lake Blvd.
Lake Tahoe, CA

Date: Wednesday
March 14, 2001

Time: 7:00 p.m.

Present:

<u>Name:</u>	<u>Title:</u>	<u>Representing:</u>
Art Jarrett	Project Manager	CPUC Staff
Vibert Greene	Utilities Engineer	CPUC Staff
Steve Glazer	Field Operations Manager	ABWC
Lenore Davis	Office Manager	ABWC
Duncan Davis	President and Executive Officer	ABWC

Notice of the meeting was mailed to the ratepayers prior to the meeting date.

The meeting began at 7:00 p.m. with about 8 customers present, including the Fire Chief of Station 52.

Mr. Art Jarrett, the staff project manager explained the Commission's procedure and purpose for the meeting. Mr. Steve Glazer made a presentation to explain the need for the

APPENDIX E

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Agate Bay Water Co., Inc

(continued)

increase, which was based on operational expenses. The Fire Chief of station 52 provided additional information on the 11 out of service fire hydrants.

The balance of the meeting consisted of questions and comments by the customers.

The complaints dealt mainly with the amount of increase requested for an additional single-family unit on the same resident served by the same connection. Specific comments are as follows:

Company Comments

Eleven fire hydrants had been out of service (bagged) for some time. To address this noncompliance, Mr. Glazer stated that he has a plan in place to retrofit all 11 hydrants by the end of summer 2001.

Company Priority

Retrofit and or replaced bagged fire hydrants by the end of summer 2001.

Customer Comments

Of the eight ratepayers present, four spoke out during the meeting. A majority of the customers thought the proposed rates were too high. Several customers complained about the utility's proposal to set rates based on connection size. Customers with large connections would experience a huge increase. Others customers complained that the increase for an additional single-family unit is excessive; a few opposed subsidizing the Sun Club. Part-time residents claimed that the rate increase is unfair treatment; citing the same flat rate for seasonal and full-time residential usage. Two residents opposed the present flat rate and any future rate increases based on the flat rate method. One complainant cited the increases she received since 1990 as \$29.73 in 1992, \$22.91 in 93 was, \$20.66 in 96, \$31.94 in 98 and \$86.84 in 2000 for a total increase of \$192.08; and protested the new increase of \$61.23. Three customers said they would like to see metered rates.

Mr. Boyd, 5767 Nile road complained that the Clubhouse water usage is too high to be paying the same flat rate. The Fire Chief was concerned that some of the Customer Service Areas are being under serviced and posed a treat to safety. He pointed out that 11 hydrants were out of service for a long time, requiring water tankers to be used. He said that the system's age might be the reason for the broken hydrants, reduce effective service. He suggested a rapid turnaround time for improved efficiency. However, all the customers said they were satisfied with the water quality but think the service needs improvement.

The meeting adjourned at 8:30 p.m. All representatives remained to answer individual questions.

